



PSC NEWS

Missouri Public Service Commission

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NATURAL GAS RATES TO CHANGE FOR AQUILA, INC. d/b/a AQUILA NETWORKS---- MISSOURI PUBLIC SERVICE UNDER SCHEDULED NATURAL GAS FILING

Jefferson City (April 3, 2003)---To primarily reflect estimated changes in the cost of natural gas for the summer season, Eastern System natural gas customers of Aquila, Inc. d/b/a Aquila Networks-Missouri Public Service (MPS) will experience an increase in natural gas rates under a filing reviewed and accepted by the Missouri Public Service Commission. This rate change, which will take effect on April 4, 2003, is interim subject to refund.

There are a number of key factors in the natural gas industry causing rates to go up. Some of these factors include: recent high crude oil prices, significantly lower natural gas storage levels and colder than normal weather the end of February into the first part of March. Natural gas storage inventories are problematic due to a rapid storage draw down at the end of the heating season. Current inventories are significantly below the 5-year average for natural gas storage. In addition, the Energy Information Administration says natural gas production for the first 10 months of 2002 was 2.6 percent below 2001 levels.

A residential customer currently pays \$0.88234 per Ccf (100 cubic feet of gas). Under this filing, the rate will increase to \$0.91868 per Ccf, an increase of approximately 3.6 cents per Ccf. The effect on a typical residential heating customer for the summer season (April through October) is an increase of approximately \$11 when compared to the rates currently in effect.

Approximately 60% to 70% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. **The wholesale cost of natural gas** (the cost your local natural gas company must pay to its suppliers for natural gas) **is not regulated by the Missouri Public Service Commission.** The wellhead cost of natural gas is unregulated and is primarily driven by supply and demand. The Missouri Public Service Commission does have regulatory review authority to ensure that regulated gas companies make prudent decisions in securing natural gas supplies for their customers.

Aquila, Inc. d/b/a Aquila Networks-MPS serves approximately 4,300 natural gas customers in its Eastern System in Phelps County.